

## Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 EURE-00 SSO-00 NSCE-00 USIE-00 INRE-00

CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-07

PA-04 RSC-01 PRS-01 SPC-03 SS-20 OMB-01 COME-00 EB-11

LAB-06 SIL-01 TRSE-00 ACDA-19 AEC-11 AECE-00 SAM-01

SAJ-01 IO-14 AGR-20 NEA-10 AF-10 STR-08 CIEP-02 FRB-02

FEA-02 DRC-01 /205 W

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O R 201723Z MAR 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 8860

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION NATO BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 03 LONDON 03518

E.O. 11652: GDS

TAGS: PFOR, UK, US, EEC

SUBJECT: FOREIGN POLICY DEBATE

REF: LONDON 3454

1. SUMMARY: IN HIS FIRST MAJOR POLICY ADDRESS AS FOREIGN SECRETARY, JIM CALLAGHAN SIGNALLED TO HOUSE OF COMMONS YESTERDAY (MARCH 19) HIS INTENTION TO APPROACH EC RE-CONFIDENTIAL

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NEGOTIATION EARNESTLY, PRAGMATICALLY, AND CONSTRUCTIVELY.

LABOR'S PRO-MARKETEERS ARE GREATLY HEARTENED. CALLAGHAN ALSO MADE CLEAR THAT NEW LABOR GOVERNMENT ATTACHES PRIMARY IMPORTANCE TO CLOSEST CONSULTATIONS WITH US. HE PRAISED SECRETARY KISSINGER'S EFFORTS TO SECURE MIDDLE EAST SETTLEMENT, MADE POLITE SOUNDS ABOUT UN AND COMMONWEALTH, REAFFIRMED DECISION NOT TO SELL ARMS TO SOUTH AFRICA AND PORTUGAL, PROMISED TO WORK FOR INTENSIFIED SANCTIONS AGAINST RHODESIA, PLEDGED SUPPORT FOR CSCE AND MBFR, DECLARED INTEREST IN IMPROVED RELATIONS WITH USSR AND EASTERN EUROPE, AND DEFERRED DISCUSSION OF CUTS IN DEFENSE SPENDING.

2. ENSUING DEBATE IN COMMONS LASTED SIX HOURS AND WAS SPARSELY ATTENDED. DAVID ENNALS MADE STRONG DEBUT AT DESPATCH BOX AS CALLAGHAN'S DEPUTY, AND SIR ALEC ADOPTED ACCOMMODATING STANCE ON BEHALF OF CONSERVATIVES, BUT MOST SPEECHES WERE RATHER PEDESTRIAN. THERE WERE ONLY THE MILDEST EXCHANGES AND BY COMMON CONSENT NO VOTE WAS TAKEN AT THE END OF THE DEBATE. END SUMMARY

3. EUROPEAN COMMUNITIES - THE HIGHLIGHTS OF WHAT CALLAGHAN HAD TO SAY ABOUT THE EC WERE REPORTED REFTEL.

DAVID ENNALS, FCO MINISTER OF STATE, IN WINDING UP THE DEBATE, SAID CALLAGHAN WOULD SPELL OUT THE BROAD CHANGES BRITAIN WAS SEEKING WHEN HE MEETS HIS EC COUNTERPARTS APRIL 1-2. THAT, ENNALS SAID, WOULD BE "THE BEGINNING OF THE PROCESS OF NEGOTIATION."

4. IN RESPONSE TO A QUESTION, ENNALS CONFIRMED THAT UK WOULD AGREE TO NO FURTHER EC INTEGRATION THAT MIGHT PREJUDGE THE OUTCOME OF RENEGOTIATION, BUT STATED CATEGORICALLY THAT IN THE INTERIM UK WOULD NOT DEFAULT ON ANY OBLIGATIONS IT HAD ALREADY INCURRED. (LABOR'S ANTI-MARKETEERS HAD WANTED NEW GOVERNMENT TO SUSPEND ALL PAYMENTS TO EC IMMEDIATELY UPON TAKING OFFICE.)

5. ENNALS ECHOED CALLAGHAN'S LANGUAGE VERBATIM WHEN HE SAID UK WISHED "TO INTENSIFY THE SYSTEM OF POLITICAL CONSULTATION AND COOPERATION" IN EC, BUT WITHOUT CONFIDENTIAL

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CREATING DIVISIONS WITH US. FCO OFFICIAL WITH WHOM WE SPOKE LAST EVENING EXPRESSED DELIGHT THAT THIS QUOTED PASSAGE HAD SURVIVED SEVEN REDRAFTS OF SPEECH THAT HE HAD SEEN AS WELL AS FINAL APPROVAL BY PRIME MINISTER WILSON.

6. DESPITE REPEATED APPEALS FROM PRO-MARKETEERS ON BOTH SIDES OF THE HOUSE, CALLAGHAN AND ENNALS REFUSED TO BE

DRAWN OUT ON QUESTION OF SENDING DELEGATES TO EUROPEAN PARLIAMENT. PRESENT ARRANGEMENT WILL PRESUMABLY CONTINUE FOR THE TIME BEING. (HERE AGAIN, CALLAGHAN HAS NOT ACCEDDED TO LABOR'S ANTI-MARKETEERS WHO WANTED ALL UK DELEGATES RECALLED AT ONCE.)

7. LABOR'S PRO-MARKETEERS, BOTH ON AND OFF THE FLOOR OF THE HOUSE, WERE OPENLY JUBILANT OVER CALLAGHAN'S PRAGMATIC, CONSTRUCTIVE APPROACH TO EC NEGOTIATIONS. FOOT AND SHORE, BY VIRTUE OF THEIR OTHER FRONTBENCH RESPONSIBILITIES, WERE PRECLUDED FROM PARTICIPATING IN YESTERDAY'S DEBATE, AND THE FEW BACKBENCH ANTI-MARKETEERS PRESENT REMAINED SILENT.

8. CALLAGHAN'S POLITICAL SECRETARY TOLD US THAT FRED PEART, FOR ALL HIS IMPECCABLE CREDENTIALS AS AN ANTI-

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O R 201723Z MAR 74

FM AMEMBASSY LONDON

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AMEMBASSY COPENHAGEN

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MARKETEER, WAS FULLY IN ACCORD WITH CALLAGHAN'S APPROACH, AND WOULD GO TO THE EC COUNCIL MEETING MARCH 21-22 IN POSITIVE FRAME OF MIND. UNLIKE FOOT AND SHORE, PEART DOES NOT REGARD "RENEGOTIATION" AS A EUPHEMISM FOR WITHDRAWAL.

9. RELATIONS WITH THE US - CALLAGHAN WENT OUT OF HIS WAY TO STRESS THE NEED FOR THE CLOSEST CONSULTATION BETWEEN THE EC AND THE US, AND THE FIRM INTENTION OF CONFIDENTIAL

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HMG TO CONSULT WITH THE US BILATERALLY AS WELL. HE SAID THAT IT WAS NOT POSSIBLE TO SUSTAIN A CLOSE ALLIANCE WITH US ON DEFENSE WITHOUT PARALLEL COOPERATION ON MATTERS OF TRADE, MONEY AND ENERGY. SIR ALEC DOUGLAS-HOME, SPEAKING FLL LE CONSERVATIVE OPPOSITION, DISSOCIATED HIMSELF SOMEWHAT FROM THIS ENDORSEMENT OF "GLOBALIZATION" WHEN HE SAID THAT SOME US OFFICIALS HAD TRIED IN 1972 TO PROMOTE A "BALL OF WAX" RELATIONSHIP WITH EUROPE, I.E., IF EUROPEANS DID NOT CONFORM TO US ECONOMIC IDEAS, THEN AMERICANS NEED NOT PAY ATTENTION TO EUROPE'S DEFENSE. THIS APPROACH, HE SAID, WAS "PSYCHOLOGICALLY AND PHILOSOPHICALLY WRONG." HE AGREED FULLY WITH CALLAGHAN, HOWEVER, THAT EC SHOULD BE COMPLEMENTARY NOT ANTAGONISTIC TO US.

10. BOTH CALLAGHAN AND SIR ALEC PAID TRIBUTE TO SECRETARY KISSINGER'S EFFORTS TO ACHIEVE A MIDDLE EAST SETTLEMENT -- A SENTIMENT THAT WAS ECHOED BY MANY SPEAKERS THROUGHOUT THE DEBATE (MIDDLE EAST ASPECTS OF DEBATE BEING REPORTED SEPTEL.)

11. DEFENSE SPENDING - CALLAGHAN SAID THE DEFENSE SECRETARY AND THE CHANCELLOR OF THE EXCHEQUER WERE IN THE PROCESS OF REVIEWING A REDUCTION IN DEFENSE EXPENDITURE AND WOULD BE MAKING STATEMENTS SOON. HE NOTED, THOUGH, THAT SUCH CUTS WOULD BE EASIER TO MAKE IF WARSAW PACT COUNTRIES STOPPED EXPANDING THEIR MILITARY ESTABLISHMENTS. SIR ALEC DEALT WITH DEFENSE SPENDING AT GREATER LENGTH. HE WARNED THAT NATO FORCES WERE ALREADY DANGEROUSLY THIN AND SAID DISARMAMENT

SHOULD BE BALANCED AND MUTUAL. RATHER THAN REDUCE  
BRITAIN'S DEFENSE SPENDING TO AVERAGE PROPORTION OF  
GNP OF OTHER EUROPEAN COUNTRIES IN NATO, HMG SHOULD  
URGE THESE COUNTRIES TO RAISE THEIR SPENDING TO  
BRITAIN'S LEVEL.

12. CALLAGHAN PROMISED TO WORK FOR SUCCESSFUL CONCLUSION  
OF CSCE AND MBFR. THE QUESTION OF US BASES IN UK DID  
NOT COME UP.

13. RELATIONS WITH USSR - CALLAGHAN SAID UK WOULD LOOK  
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FOR OPPORTUNITIES TO BUILD A SAFER AND MORE PRODUCTIVE  
RELATIONSHIP WITH THE SOVIET UNION. IT WOULD ALSO SEEK  
TO DEVELOP BILATERAL ARRANGEMENTS WITH COUNTRIES IN  
EASTERN EUROPE "UP TO THE LIMITS ALLOWED BY THE SITUA-  
TION IN EACH COUNTRY." RECALLING HIS TRIP TO EASTERN  
EUROPE LAST YEAR, HE SAID HE WAS LOOKING FORWARD TO  
VISIT OF POLISH FOREIGN MINISTER IN APRIL.

14. MISCELLANEOUS - CALLAGHAN OPENED HIS STATEMENT BY  
DECLARING THE LABOR GOVERNMENT'S INTENTION TO PARTICIPATE  
MORE FULLY IN THE UNITED NATIONS AND THE COMMONWEALTH.  
HE DID NOT ELABORATE, BUT ENNAIS SIGNIFIED HIS OWN  
INTENTION TO ATTEND NEXT MONTH'S SPECIAL SESSION OF

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O R 201723Z MAR 74

FM AMEMBASSY LONDON

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THE UNGA WHICH WILL CONSIDER "WAYS OF COOPERATING WITH OIL PRODUCERS AND OTHER CONSUMERS TO ESTABLISH ARRANGEMENTS WHICH WOULD BE IN THE INTERESTS OF ALL."

15. BOTH CALLAGHAN AND ENNALS SAID HMG WOULD TAKE ACTION TO STRENGTHEN SANCTIONS AGAINST RHODESIA. CALLAGHAN ALSO REAFFIRMED THIS GOVERNMENT'S INTENTION NOT TO SELL ARMS EITHER TO SOUTH AFRICA OR TO PORTUGAL.

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15. COMMENT: CALLAGHAN IS OFF TO A GOOD START. HIS APPROACH TO EC RENEGOTIATION FOLLOWS THE LETTER OF THE COMPROMISE POLICY AGREED UPON WHILE LABOR WAS STILL IN OPPOSITION, BUT INFUSES IT WITH A POSITIVE SPIRIT THAT OFFERS HOPE THE END RESULT WILL FIND THE EC STILL INTACT. LABOR'S ANTI-MARKETEERS HAVE THUS FAR HELD THEIR FIRE, WAITING PERHAPS TO ASSESS THE EXTENT OF EC RECEPTIVITY TO BRITAIN'S DEMANDS. IF ANY MOMENTUM TOWARDS MUTUAL ACCOMMODATION SHOULD DEVELOP, HOWEVER, THE ANTI-MARKETEERS WILL UNDOUBTEDLY SEEK TO GENERATE COUNTER-PRESSURES.

16. WHATEVER HAPPENS WITH THE EC, CALLAGHAN'S STATEMENTS ABOUT THE US HOLD OUT PROMISE OF CLOSER US-UK RELATIONS. HIS PROFESSED DESIRE TO CONSULT FULLY AND FRANKLY REFLECTS NOT ONLY HIS OWN PERSONAL INCLINATION, OF

COURSE, BUT BRITAIN'S IMMINENT NEED TO BORROW HEAVILY  
ABROAD, AND ITS CONCERN NOT TO BE LEFT ISOLATED IF THE  
EC RENEGOTIATION FAILS. MEASURED AGAINST THESE CONSID-  
ERATIONS, LEFT-WING DEMANDS FOR BASE REMOVALS AND HEAVY  
DEFENSE CUTS WILL CARRY LITTLE WEIGHT.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FOREIGN POLICY POSITION, SPEECHES, CENTRAL LEGISLATURE, NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 20 MAR 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FOREIGN POLICY DEBATE  
**TAGS:** PFOR, UK, US, EEC, (CALLAGHAN, JIM)  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005